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ABSTRACT

Chapter 1, Title I of the Elementary and Secondary Education Act of 1965, authorizes federal assistance for state and local programs of education for disadvantaged elementary and secondary school pupils. Its appropriation for fiscal year (FY) 1989 is $4.6 billion. Chapter 1 has been reauthorized and comprehensively revised by the 100th Congress, under P.L. 100-297, the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988, or "Hawkins-Stafford Act." Most of these amendments will take place during the 1989-90 program year. The following aspects of the Hawkins-Stafford Act are outlined: (1) allocation formula revisions; (2) incentives to enhance accountability and improve performance; (3) parent involvement; (4) services to non-public school pupils; (5) targeting of Chapter 1 funds and services; (6) programs for dropout prevention and secondary school basic skills improvement; (7) early childhood programs: Even Start; and (8) federal, state, and local program administration. Appendices provide the following: (1) FY 1989 authorizations of appropriations under P.L. 100-297, and FY 1989 appropriations under P.L. 100-436, for Chapter 1 programs; (2) estimates of Chapter 1 Basic and Concentration Grant allocations for 1989-90, using 1988-89 program data; and (3) selected references on Chapter 1. (BJV)

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Education for Disadvantaged Children: Major Themes in the 1988 Reauthorization of Chapter 1

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EDUCATION FOR DISADVANTAGED CHILDREN: MAJOR THEMES IN THE 1988 REAUTHORIZATION OF CHAPTER 1

SUMMARY

Chapter 1, title I of the Elementary and Secondary Education Act of 1965 (ESEA) authorizes Federal assistance for State and local programs of education for disadvantaged elementary and secondary school pupils. Chapter 1 is the largest Federal program of aid to elementary and secondary education; its appropriation for fiscal year (FY) 1989 is $4.6 billion. Under part A of chapter 1, funds are allocated to local educational agencies (LEAs) primarily on the basis of children from poor families, but children are selected to be served on the basis of low academic achievement, without regard for family income.

Chapter 1 has been reauthorized and comprehensively revised by the 100th Congress, under P.L. 100-297, the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988, or "Hawkins-Stafford Act." Most of these amendments will take effect during the 1989-90 program year.

The Hawkins-Stafford Act updates the allocation formula for chapter 1 basic grants to local educational agencies (LEAs), and substantially changes the formula for allocating concentration grants--additional aid to areas with high numbers or percentages of poor children--to authorize greater assistance to smaller and rural LEAs. A wide range of incentives and requirements are established for States and LEAs to improve their performance and become more accountable for the effects of chapter 1 programs. Parental involvement requirements are expanded, yet remain relatively flexible.

A new "capital expenses" grant program is authorized, to help pay the additional costs of serving non-public school pupils under chapter 1. A renewed emphasis is placed on targeting chapter 1 funds and services on pupils most in need. New chapter 1 programs specifically for secondary school pupils, school dropout prevention, and joint aid to educationally disadvantaged parents and their young children (Even Start) are authorized. Finally, several new requirements governing Federal, State, and local administration of chapter 1 programs have been adopted.

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EDUCATION FOR DISADVANTAGED CHILDREN: MAJOR THEMES IN THE 1988 REAUTHORIZATION OF CHAPTER 1

I. INTRODUCTION

Chapter 1, title I of the Elementary and Secondary Education Act (ESEA) authorizes Federal assistance for State and local programs of education for disadvantaged prekindergarten, elementary and secondary school pupils. Chapter 1 is the largest Federal program of aid to elementary and secondary education; its appropriation for fiscal year (FY) 1989 is $4.6 billion. Under part A of chapter 1, funds are allocated to local educational agencies (LEAs) primarily on the basis of children from poor families, but children are selected to be served on the basis of low academic achievement, without regard for family income.

Chapter 1 was initially authorized as title I of the ESEA in 1965. It became chapter 1 of the Education Consolidation and Improvement Act (ECIA) in 1981, as part of the Omnibus Budget Reconciliation Act of that year. Chapter 1 has been reauthorized, again as part of the ESEA, by the 100th Congress, under P.L. 100-297, the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988, or "Hawkins-Stafford Act." P.L. 100-351, a technical amendment to postpone the effective date of chapter 1 allocation formula amendments in P.L. 100-297, has also been enacted. This report provides a discussion and analysis of major themes and issues in the reauthorization of chapter 1 by the Hawkins-Stafford Act.

This report is focused on aspects of the chapter 1 legislation that were modified by the Hawkins-Stafford Act, or that were subject to substantial debate during congressional consideration of this reauthorization legislation. Other provisions of chapter 1 are mentioned briefly, if at all, in this report. This report does <u>not</u> include the chapter 1 State agency programs for migrant, handicapped, neglected and delinquent children. The report is limited to the local educational agency programs of chapter 1 because they represent a large majority of chapter 1 funding (90 percent for FY 1989), and because the provisions, issues, and interested individuals and organizations are generally substantially different for the chapter 1 LEA versus State agency programs.[1]

In the pages that follow, eight major themes or issue areas are discussed. These are:

- allocation formula revisions;

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[1]For a summary of the Hawkins-Stafford Act's amendments to the chapter 1 State agency programs, as well as a brief discussion of all provisions of P.L. 100-297, see Elementary and Secondary Education: A Summary of the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988, P.L. 100-297, CRS Report for Congress 88-458 EPW, by the Education Section. Washington, 1988.

- incentives to enhance accountability and improve performance;
- parental involvement;
- services to non-public school pupils;
- targeting of funds and services;
- programs for secondary school pupils and school dropouts;
- early childhood programs: Even Start; and
- Federal, State, and local program administration.

Following these discussions, the report's three appendices provide: a listing of chapter 1 authorizations and appropriations for FY 1989; State estimates of chapter 1 basic and concentration grants under the FY 1989 appropriation; and selected references to recent reports on the chapter 1 program and legislation.

II. ALLOCATION FORMULA REVISIONS

Both before and after enactment of the Hawkins-Stafford Act, there have been two chapter 1 LEA grant allocation formulas--one formula (actually, a pair of related formulas) for basic grants, and a different formula for grants to areas with relatively high numbers or percentages of poor children (concentration grants). While these two types of formulas differ, grants received under both of them are combined at the local level and used for the same purposes. Both types of formulas were modified by P.L. 100-297, although most of the debate and attention was focused on the concentration grant formula, while basic grant formula amendments were generally considered to be relatively non-controversial and "technical."

Basic Grants

Chapter 1 LEA grants are calculated by the Federal Government on a county basis. State education agencies (SEAs) receive the aggregate funds for counties in their State, then allocate the county amounts to individual LEAs. Before enactment of the Hawkins-Stafford Act, the chapter 1 allocation formula for basic grants had been most recently amended by the Education Amendments of 1978 (P.L. 95-561). Under current Department of Education (ED) policy--as well as the provisions of P.L. 100-351, an act making technical amendments to the Hawkins-Stafford Act--this 1978 formula was used to allocate school year 1988-89 grants, from the FY 1988 appropriation. The revised formula will first be implemented in making grants for school year 1989-90, from the FY 1989 appropriation.

Under the previous formula, *most* chapter 1 LEA grants were allocated in proportion to counts of formula children, multiplied by a cost factor.[2] The children counted in the formula were those aged 5-17 years:

- in poor families, according to the 1980 census, but applying "poverty criteria" from the 1970 Census;[3]

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[2]This formula was used to allocate to counties all chapter 1 LEA grant appropriations equal to the FY 1979 appropriation for such grants ($2,329,030,652) plus one-half of any such appropriations above this level. The other one-half of LEA grant appropriations above the FY 1979 appropriation were allocated to counties and LEAs *within* States using the same formula, but were allocated *to* States on the basis of a **different** formula child count (but the same cost factor multiplier). This different formula child count was children aged 5-17 years in families with income below 50 percent of the national median income, according to the 1976 Survey of Income and Education (a one-time Census Bureau survey).

[3]In this context, "poverty criteria" refer to the extent to which different poverty income thresholds are used for families of different types. Under the

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- in families receiving Aid to Families With Dependent Children (AFDC) payments in excess of the poverty level for a non-farm family of 4;[4] and

- in institutions or homes for the neglected and delinquent.[5]

The number of poor children counted in the chapter 1 allocation formula is much greater than the other two groups of children. For 1987-88 allocations, a national total of 7,734,343 (96 percent of total formula children) poor children were counted in this formula, compared to 120,600 (1 percent) AFDC children and 223,435 (3 percent) neglected and delinquent children. While the poor child counts are available only from the decennial census, the other two formula child counts are updated annually.

P.L. 100-297 makes two amendments to the chapter 1 basic grant formula. The first of these revisions removes the requirement for use of the "poverty

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[3](...continued)
1970 census "poverty criteria," different poverty income thresholds were applied to families of different size, families with a male vs. a female head, and families living in farm vs. non-farm residences. More specifically, lower poverty income thresholds were applied to families with female than male heads, and to families in farm than non-farm residences. Under the simplified 1980 census "poverty criteria," families are not distinguished according to the sex of the head of household or their place of residence--i.e., income thresholds are applied only on the basis of family size.

[4]Since the initiation of the title I/chapter 1 legislation in 1965, the LEA program formula child counts have included "poor" children, using various measures of poverty at different times, plus children in families receiving AFDC payments above the poverty level used. The apparent intent of including such "AFDC children" has been to avoid excluding children in families whose income exceeded the poverty level solely because of AFDC payments.

Although P.L. 100-297 does not modify the AFDC provision of the chapter 1 allocation formula, the version of the Hawkins-Stafford Amendments (S. 373) that was reported by the Senate Committee on Labor and Human Resources would have removed this factor from the allocation formula. The bill was amended to return the AFDC children to the allocation formula during Senate floor consideration. This was the single point during congressional consideration of P.L. 100-297 when the chapter 1 basic grant allocation formula was subject to significant public debate.

[5]Only neglected and delinquent children for whose education an LEA is responsible are included in this count. Other neglected and delinquent children are the responsibility of various State agencies--these children may be counted and served under the chapter 1 State agency program for the neglected and delinquent.

criteria" of the 1970 census (see footnote [3]). This allows use of the 1980 census poverty criteria in determining chapter 1 formula-eligible child counts. Use of the 1980 census poverty criteria will have minimal effect on grants received by most counties, except for relatively large percentage increases (which represent relatively small dollar amounts) in grants to certain rural counties, particularly in the West North Central States (e.g., North and South Dakota).

More substantial distributional shifts will result from the second formula modification contained in P.L. 100-297--removal of the provision that one-half of the increase in appropriations above the FY 1979 level be allocated to States based on child counts from the 1976 Survey of Income and Education, or SIE (see footnote [2]). Under this prior provision, adopted as a partial update of 1970 census data during consideration of the Education Amendments of 1978, the designated portion of appropriations was allocated at the State level primarily according to SIE counts of children aged 5-17 years in families with 1975 income below 50 percent of the national median income for 4-person families--i.e., a different measure of low income than the poverty measure used otherwise in making chapter 1 LEA allocations.

Removal of the "SIE formula" will lead to significant shifts of grant amounts among several States. According to a Congressional Research Service analysis of allocations for 1986-87, removal of the "SIE formula" would have resulted in increases of up to 4.2 percent in overall LEA grants to States in the Far West region plus certain South Central and Mid-Atlantic States, while losses of up to 4.3 percent would have been experienced by most New England and East North Central States.

In addition, P.L. 100-297 contains a State minimum allocation for basic grants of 0.25 percent of appropriations. However, a number of conditions and limitations are applied to this provision, and it would not be implemented at the FY 1989 appropriation level.[6]

Concentration Grants

Previous to the enactment of P.L. 100-297, a concentration grant program had authorized additional grants to LEAs in counties where there were 5,000 or more children counted in the chapter 1 basic grant allocation formula

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[6]The basic grant State minimum is to be applied when either: (a) chapter 1 basic grant appropriations equal or exceed $3.9 billion and concentration grant appropriations equal or exceed $400 million, or (b) basic grant appropriations equal or exceed $4.6 billion. Further, no State may receive more than either: (1) 150 percent of its previous year basic grant, or (2) 150 percent of the national average basic grant per formula child, multiplied by the State total number of such children, as a result of applying the basic grant State minimum. Finally, application of the basic grant State minimum cannot result in any other State receiving a lower basic grant than it received for the preceding year.

(described above) or where such children constituted 20 percent or more of the total school-age population (chapter 1, sec. 117), with a provision that no State receive less than 0.25 percent of total appropriations. Only counts of formula children above these thresholds were considered in allocating funds among eligible counties. However, the section 117 concentration grant formula was implemented only if funds were specifically appropriated for it, and it had not been funded since FY 1981.[7]

P.L. 100-297 requires that the first $400 million in chapter 1 part A (basic plus concentration grant) appropriations above the FY 1988 level, plus 10 percent of part A appropriations when these exceed $4.3 billion, be reserved for concentration grants. P.L. 100-297 also revises the concentration grant eligibility criteria--counties receive concentration grants if their percentage of chapter 1 formula children is 15 percent (rather than 20 percent) of total school-age population, or 6,500 children (rather than 5,000). Further, in distributing concentration grant funds, *all* formula children--not just those above the eligibility threshold--are counted if a county meets the 15 percent criterion, but only those children in excess of 6,500 if only this standard applies.

The effects of these changes are to increase the number of eligible counties somewhat, while shifting the distribution of funds away from the largest urban counties and toward rural and other smaller counties. P.L. 100-297 also requires that only LEAs in recipient counties that meet the 15 percent/6,500 thresholds receive a share of the county's concentration grants (unless no LEA in the county meets these criteria), and provides additional guidance regarding distribution of funds in minimum grant States. P.L. 100-436, the FY 1989 appropriations act for ED, provides $172,900,000 for concentration grants for the initial year of this new concentration grant formula.[8]

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[7]For a more extensive discussion of the chapter 1 concentration grant provisions, see U.S. Library of Congress. Congressional Research Service. Chapter 1 Concentration Grants: An Analysis of the Concept, and Its Embodiment in Federal Elementary and Secondary Education Legislation. CRS Report for Congress 88-670 EPW, by Wayne Riddle. Washington, 1988.

[8]This amount is slightly above the amount that would have been provided for concentration grants if the Congress had strictly followed the provisions of P.L. 100-297, that chapter 1 LEA grant appropriations above $3.9 billion be reserved for concentration grants. The total chapter 1 LEA grant appropriation under P.L. 100-436 was $4,026,100,000. Therefore, a strict application of P.L. 100-297 would have resulted in an FY 1989 concentration grant appropriation of $126,100,000 ($4,026,100,000 - $3,900,000,000 = $126,100,000). This example illustrates the continuing possibility that appropriations legislation will override the requirements of authorizing legislation.

The concentration grant State minimum provision is also modified. The minimum becomes the greater of 0.25 percent of total grants, with certain constraints,[9] or an "absolute" minimum of $250,000. Under P.L. 100-436, FY 1989 appropriations legislation for ED, the "absolute" minimum is raised to $340,000 for FY 1989 grants only.

Estimates of State allocations for 1989-90, applying the revisions described above to the basic and concentration grant formulas, may be found in appendix B of this report. Finally, P.L. 100-297 contains a requirement for the Secretary of Education to conduct a study of the methods used to allocate Federal aid for elementary and secondary education among the States. In particular, the study is to consider whether States that exert greater than average "fiscal effort"[10] in support of elementary and secondary education should be rewarded with additional Federal funds.

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[9]The application of the 0.25 percent State minimum cannot result in a State receiving more than 150 percent of its previous year grant, or 150 percent of the national average grant per formula child, multiplied by the State's total number of such formula children, whichever is less.

[10]"Fiscal effort," in the context of public elementary and secondary education, is typically defined as expenditures for such education in comparison to some measure of income or wealth, such as personal income per capita.

III. INCENTIVES TO ENHANCE ACCOUNTABILITY AND IMPROVE PERFORMANCE

In general, there were neither financial incentives, nor disincentives, to improved pupil performance in the chapter 1 legislation previous to P.L. 100-297. Funds have been usually allocated, and target areas selected, on the basis of counts of poor, not low-achieving, children. The one general exception to this pattern is in the distribution of chapter 1 funds among target school attendance areas[11], after these have been selected (usually on the basis of poverty), which is typically based primarily on the number of educationally disadvantaged pupils to be served, not on poverty. At this stage, a school's success in raising pupil achievement might have a disincentive effect by reducing their share of the LEA's total chapter 1 grant in the following year.[12]

In recent years, the Department of Education has attempted to improve performance in chapter 1 through the "Secretary's Initiative" to identify and disseminate information about exemplary chapter 1 programs. The Initiative is intended to select a limited number of especially effective chapter 1 programs, then to compile and disseminate information on these to all chapter 1 administrators. It is intended that the selection process provide the rewards of recognition and praise to those conducting the exemplary programs, and that those conducting other chapter 1 programs will voluntarily adopt some of the educational practices identified as characteristic of the recognized programs. P.L. 100-297 requires the Secretary of Education to continue efforts to identify exemplary chapter 1 programs, coordinating this activity with the Department of Education's National Diffusion Network. Research on effective practices in chapter 1 programs was also conducted as part of the National Assessment of Chapter 1.[13]

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[11]School attendance areas are geographic residence areas of an LEA from which public school pupils in specified grade spans (e.g., elementary, middle school, etc.) attend a particular school. Chapter 1 target areas are the relatively low-income school attendance zones in which chapter 1 programs are conducted.

[12]At least since 1983, the chapter 1 legislation and regulations have allowed LEAs to select target school attendance areas on the basis of low achievement, rather than poverty factors. However, many qualifying conditions and constraints are placed on this authority, and it is apparently not frequently used.

[13]Features that were found by National Assessment of Chapter 1 staff to be characteristic of effective chapter 1 programs were small instructional group size; well-qualified instructors; increased instructional time; direct instruction (i.e., instruction with active teacher involvement, as opposed to independent "seatwork" by the pupil); and instruction in higher-order academic skills (e.g., problem-solving, analysis, or interpretation). U.S. Department of

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In contrast to this relative lack of direct or specific incentives regarding chapter 1 program performance, the Hawkins-Stafford Act contains a number of new requirements for LEA accountability and incentives to improve program performance. The accountability provisions are intended to direct attention on--and provide additional assistance to--pupils, schools and LEAs where chapter 1 programs are not raising pupil achievement. The incentives are intended to authorize additional funds or flexibility to LEAs or schools that are successfully teaching disadvantaged children.

Accountability Provisions

The Hawkins-Stafford Act contains several provisions aimed at evaluating the performance of individual pupils, schools, and LEAs served by chapter 1, and at providing technical assistance to those whose performance is not improving. Previous to the enactment of P.L. 100-297, chapter 1 required only that each State educational agency conduct a program evaluation at least once every 2 years, with no requirement that these be conducted in accordance with any national evaluation standards. Under the Hawkins-Stafford Act, chapter 1 evaluations must be conducted at least once every 3 years in each LEA, and at least once every 2 years in every State. Each LEA must also "review" its chapter 1 program operations, particularly its parental involvement activities, every year. These evaluations are to be conducted in accordance with national standards regarding evaluation methods,[14] and are to be used to assess chapter 1 program effects on individual pupils, as well as schools and LEAs as a whole.

The Secretary of Education must submit to the Congress at least once every 2 years a report on State and local chapter 1 evaluations. The Department of Education must also contract with an organization to conduct a national longitudinal study of the effects of chapter 1 programs on participating children. This study must follow a nationally representative sample of chapter 1 participants, and comparable non-participants, through the age of 25 years, and evaluate the effects of chapter 1 participation on

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[13](...continued)
Education, Office of Educational Research and Improvement, National Assessment of Chapter 1, The Current Operation of the Chapter 1 Program, p. 65-87.

[14]These national standards are to be developed by the Secretary of Education, in consultation with State and local educational agencies. A similar requirement was contained in the Education Amendments of 1978 (P.L. 95-561), but was superceded by the Education Consolidation and Improvement Act before it was fully implemented.

The Department of Education's proposed national evaluation standards for chapter 1 may be found in the Federal Register of Oct. 21, 1988. p. 41466-41492.

such characteristics as academic achievement, school dropout rates, delinquency, postsecondary education participation, employment and earnings.

All of the P.L. 100-297 accountability provisions refer to the concepts of pupil performance and the desired outcomes of chapter 1 programs. These concepts are not specifically described or defined in the chapter 1 legislation; rather they are to be determined primarily by State and local educational agencies conducting the programs. The legislation does contain provisions allowing SEAs and LEAs to take into account such local conditions as the mobility of the pupil population or the extent of their educational deprivation, or to use indicators of performance other than improved achievement, in developing and applying performance standards. Thus, while the Hawkins-Stafford Act places substantial emphasis on SEA and LEA accountability for program results, the act allows those State and local agencies a great deal of flexibility in setting the standards to which they will be held accountable.

If an **individual pupil** participates in chapter 1 for 1 year and his/her educational performance does not improve, the LEA must consider modifications in the services provided to that pupil. If pupil performance does not improve after two years of chapter 1 participation, then the LEA is to conduct a "thorough assessment of the educational needs" of the pupil. If the aggregate performance of participating pupils in a **school** does not improve over 1 year, the LEA must develop and implement a program improvement plan, identifying changes in educational methods and resources that are intended to result in improved program performance. This plan is to be submitted to the SEA, and made available to parents of participating pupils. If implementation of this plan does not succeed in improving pupil performance, a joint program improvement plan is to be established by the LEA and the SEA. Throughout all stages of these processes, technical assistance is to be provided by the SEA and chapter 1 regional technical assistance centers. Specific grants are authorized to help pay the costs of establishing State program improvement plans for chapter 1 (see following section).

A final new accountability provision is contained in P.L. 100-297's amendments regarding chapter 1 schoolwide plans. Both before and after enactment of the Hawkins-Stafford Act, LEAs have been authorized to conduct chapter 1 programs on a schoolwide basis--i.e., without limiting services to the specific pupils determined to be most educationally disadvantaged--in certain schools where 75 percent or more of the pupils were from low-income families. The act modifies this provision to remove a local fund matching requirement, but adds new accountability requirements for schools allowed to use the schoolwide option. After 3 years of schoolwide plan implementation, such schools must demonstrate that the achievement of disadvantaged children enrolled in them is higher than either: the average for children participating in chapter 1 in the LEA as a whole; or the average for disadvantaged children in that school over the 3 years preceding schoolwide plan implementation.

Performance Incentives

Along with the "stick" of additional accountability requirements, the Hawkins-Stafford Act contains the "carrot" of new authorities or grants intended to provide incentives for improved performance. In addition to removing certain barriers to adoption of schoolwide plans (see above), the act authorizes LEAs, with SEA approval, to use up to 5 percent of their grants for "innovation projects." These projects may include several activities intended to reward high performance, such as:

- incentive payments to schools that have demonstrated significant success in raising pupil performance; and

- the continuation of chapter 1 services to pupils who were eligible in any previous year, but whose achievement has increased so that they no longer meet the standard eligibility requirements.

P.L. 100-297 also contains a provision regarding the allocation of funds among schools selected to provide chapter 1 services, that is intended to remove a possible disincentive to improved pupil performance. In the process of allocating chapter 1 funds among the school attendance areas with the highest number or percentage of poor (or, in some cases, educationally disadvantaged) children, LEAs are generally to distribute funds in proportion to the number of educationally disadvantaged children to be served, and their educational needs. However, in this process, LEAs may continue to count, for up to 2 years, children whose performance has so improved as a result of chapter 1 aid that they are no longer eligible to be served. Note that this provision affects only the allocation of grants among schools--it does change the eligibility of individual pupils to be served under chapter 1.

P.L. 100-297 authorizes grants to the States specifically for the development and implementation of chapter 1 improvement programs. The authorized level for these grants is 0.25 percent of chapter 1 grants to the State under parts A (LEA grants) and D (State agency programs), or $90,000 (whichever is greater) per State for fiscal years 1989-1991, and 0.5 percent or $180,000 for fiscal years 1992-1993. P.L. 100-436 has appropriated $5,686,000 for these grants for FY 1989. The State program improvement grants are to be used only for the direct costs of such plans, including technical assistance to LEAs. Specific authorized activities may include staff training, curriculum development, replication of model programs, or development of innovative instructional methods.

Finally, the Hawkins-Stafford Act authorizes a program of special technical assistance grants intended to enhance Rural Educational Opportunities. These would supplement the existing activities of the chapter 1 regional technical assistance centers, although those centers, along with institutions of higher education, regional educational laboratories, State educational agencies, or other organizations would be eligible to receive Rural Educational Opportunities contracts or grants. These funds are to be used to operate at least 10 regional programs, providing various forms of technical

assistance and training to improve education for educationally disadvantaged pupils attending rural or small schools, especially those with declining enrollments. P.L. 100-436 has provided an FY 1989 appropriation of $3,952,000 for this program.

IV. PARENTAL INVOLVEMENT

Throughout the history of the title I/chapter 1 program, the active involvement of parents in the education of disadvantaged children has been considered by many observers to be important for program success. Under ESEA title I previous to 1981, the primary means for encouraging such parental involvement was a mandatory system of school- and LEA-level parental advisory councils. While these councils guaranteed at least a minimal level of influence on program activities by a group of parent representatives, the councils did not assure any active involvement on the part of individual parents in the education of their children. Further, the role and authority of the councils were frequently ambiguous, and many local school administrators viewed the councils as potentially interfering with their authority and responsibilities. Alternatively, some parental advisory councils may have been relatively ineffective and/or easily controlled by administrators.

Effects of ECIA Provisions

In the ECIA, the parental advisory council requirement was replaced with a general provision that programs should be "designed and implemented in consultation with parents" of children to be served (sec. 556(b)(3)). The 1983 ECIA technical amendments added a requirement for an annual public meeting for parents of children eligible to be served under chapter 1, and a provision that LEAs "may," if requested, provide "reasonable support" for additional parental activities (Sec. 556(e)).[15] A study of implementation of the chapter 1 legislation in 24 LEAs found that parental advisory councils had been eliminated in 10 of these, and in most of the other LEAs, the scope of council activities had been significantly reduced.[16] Another survey of a national sample of LEAs, conducted as part of the National Assessment of Chapter 1, found that as of 1985-86, only 44 percent of LEAs had retained parental advisory councils. The enrollment size of LEAs was found to be an indicator of whether chapter 1 parental advisory councils were retained under chapter 1, with larger LEAs much more likely to continue the councils.[17]

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[15]Regulations reflecting the 1983 technical amendments also required LEAs to "develop written policies to ensure that parents of the children being served have an adequate opportunity to participate in the design and implementation of the LEA's chapter 1 project," and gave examples of types of parental activities that LEAs "may consider" implementing (34 CFR 200.53).

[16]McLaughlin, Milbrey W., et al. State and Local Response to Chapter 1 of the Education Consolidation and Improvement Act, 1981, April 1985. p. 142.

[17]For example, only 41 percent of LEAs with enrollment between 1,000 and 2,499 pupils retained the parental advisory councils under chapter 1, while 73 percent of those with enrollment above 25,000 continued the

(continued...)

However, most LEAs reported that there had been no significant change in the level of parental involvement in chapter 1 program design, operations, or evaluations.

The positive effect of parental involvement in the education of all children is almost universally agreed upon. However, opinions differ widely on the most effective means for Federal legislation to encourage such involvement, or whether any Federal legislative requirement is likely to substantially affect involvement of the parents of chapter 1 participants. It might be argued that the only constructive action the Federal Government can take in this regard is to make clear to LEAs their responsibility to involve parents in chapter 1 programs, but to leave the nature of that involvement to LEA discretion--which is essentially what was provided in chapter 1 previous to the enactment of P.L. 100-297.

Hawkins-Stafford Act

During consideration of the Hawkins-Stafford Act, the Congress attempted to find ways to increase parental involvement in the education of chapter 1 participants, without adopting "inflexible" requirements that might have effects such as those associated with the previous parental advisory council requirements. Thus, proposals for a renewal of mandated parental advisory councils, or the Administration's proposal to increase parental involvement by authorizing aid in the form of vouchers (see footnote[22], under the topic of aid to pupils attending non-public schools), were rejected in this chapter 1 reauthorization legislation. However, the Hawkins-Stafford Act attempts to stimulate broader parental activity through an extended discussion of legislative intent, the provision of numerous illustrative examples, and the authorization of special assistance.

Under P.L. 100-297, LEAs are required to implement procedures "of sufficient size, scope, and quality to give reasonable promise of substantial progress toward achieving the goals" of *informing* parents about the chapter 1 program, *training* parents to help instruct their children, and *consulting* with parents. LEAs are required to:

- develop written policies for parental involvement in planning and implementing chapter 1 programs;
- convene an annual meeting of parents of all participating pupils at which parent activities are to be explained;

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[17](...continued)
councils. See U.S. Department of Education, Office of Educational Research and Improvement, National Assessment of Chapter 1. The Current Operation of the Chapter 1 Program, 1987, p. 127.

- provide to each parent a report on his/her pupil's progress and, "to the extent practical", conduct an annual parent-teacher conference for each pupil; and

- provide program information and an opportunity for regular meetings for parents, if the parents so desire.

LEAs must also communicate with parents in a language and form of communication that the parents understand.

Several specific forms of parental involvement are listed in P.L. 100-297 as mechanisms that LEAs *may* adopt to meet their responsibilities in this area. Among these activities are: parent training programs; the hiring of parent liaisons; training of school staff to work with parents; use of parents as tutors or classroom aides; home-based education activities; solicitation of parent suggestions on program operations; or parental advisory councils.

Beyond this general guidance, and the listing of numerous examples intended to illustrate types of authorized parental involvement activity that might fulfill these general requirements, LEAs are left with largely the same level of flexibility as under the previous chapter 1 legislation regarding parental involvement. It remains to be seen what effects, if any, the more extensive statements of intent in P.L. 100-297 will have on the actual level of parental involvement activities.

Grants Intended to Increase Parental Involvement.

Another effort to encourage greater parental involvement in chapter 1 programs is found in P.L. 100-297's authorization of Family-School Partnership grants. This authorization may be found outside of chapter 1 itself, in a new Fund for the Improvement and Reform of Schools and Teaching (FIRST; title III, part B of P.L. 100-297). Under the FIRST legislation, one-third of all appropriations for FIRST activities are to be reserved for Family-School Partnership demonstration grants to support model programs of parental involvement. Eligible grantees are limited to LEAs receiving chapter 1 basic grants; and the training of chapter 1 staff to work effectively with the families of participating pupils is an authorized use of funds. P.L. 100-436 appropriates $1.976 million for these Family-School Partnership grants for FY 1989.

A final approach to increasing parental involvement in the education of disadvantaged children is authorized, on an demonstration basis, in the Even Start program in P.L. 100-297. This legislation supports projects that provide basic education for <u>both</u> educationally disadvantaged children and their parents who reside in areas of relatively high poverty concentration. This

program is intended to provide general, basic education to the parents, as well as to increase their involvement in their child's education, especially by teaching the parents how to help instruct their children. The Even Start provisions of P.L. 100-297 are discussed further in section VIII of this report.

V. SERVICES TO NON-PUBLIC SCHOOL PUPILS

Since its initiation, chapter 1 has provided aid to disadvantaged children attending both public and non-public schools. The legislation has required that educationally disadvantaged children attending non-public schools be served in an equitable manner, in comparison to those attending public schools, taking into account the number of such children attending non-public schools and their particular educational needs. In cases where an LEA has not provided for such equitable participation in chapter 1 by non-public school pupils, the U.S. Secretary of Education shall arrange for a third-party organization to provide the services under a "by-pass" mechanism.[18] There has long been debate over whether non-public school pupils have actually been equitably served under chapter 1, with some non-public school advocates arguing that public education authorities generally allocate a disproportionately small share of chapter 1 funds to serving non-public school pupils.[19]

Aguilar v. Felton Decision

Through most of the history of chapter 1, non-public school pupils were generally served by public school teachers, who would instruct these children in their non-public schools for a few hours each week. However, a 1985 U.S. Supreme Court decision (Aguilar v. Felton) declared unconstitutional the practice of providing chapter 1 services to pupils of religiously affiliated non-public schools by sending public school teachers into such schools. Since this had previously been the dominant method of providing such services, and the majority of non-public school pupils attend religiously affiliated schools, most local educational agencies (LEAs) serving non-public pupils under chapter 1 have had significant difficulty serving these pupils while complying with the Court's mandate.

A number of techniques for serving non-public school pupils under chapter 1 were adopted by various localities in response to the Aguilar decision. These include using mobile classrooms or other "neutral sites" outside both public and non-public school property, serving non-public school pupils in

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[18]LEAs may fail to comply with the requirement for equitable participation in chapter 1 as a result of State constitutional limitations on aid to non-public schools (e.g., in Missouri and Virginia), or other reasons. When a by-pass is invoked, either on a State-wide basis or for a particular LEA, an organization that is independent of the private school(s) and of any religious organization is typically established specifically for this purpose. By-pass agents are constrained by the same restrictions arising from the Aguilar decision (described in the following paragraph) as affect LEAs.

[19]See, for example, Vitullo-Martin and Bruce Cooper. Separation of Church and Child: the Constitution and Federal Aid to Religious schools. The Hudson Institute, 1987.

public schools--either during or before/after regular school hours--or using microcomputers or other forms of electronic educational technology to provide instruction to non-public school pupils. These alternatives have tended to engender one or more of three types of problems. First, they often require additional costs (e.g., for mobile classroom rental), which, according to ED guidance, are to be paid from general chapter 1 funds, not the funds set-aside for aid to non-public school pupils. Second, these techniques may violate requirements that chapter 1 services to non-public school pupils be equivalent to those provided to public school pupils. Finally, many advocates of non-public schools have considered the post-Aguilar methods of serving non-public school pupils in chapter 1 to be unsatisfactory because of the time loss and inconvenience for some non-public pupils, who must often interrupt their school day to be transported to a "neutral" or public school site. As a result of these difficulties, as well as a period of uncertainty over how and when LEAs were to comply with the Aguilar ruling, non-public pupil participation in chapter 1 declined substantially in 1985-86, the first year after the Supreme Court's decision, compared to 1984-85.[20]

During its consideration of the Hawkins-Stafford Act, the Congress attempted to find ways to resolve these difficulties without violating the Supreme Court's Aguilar decision. Some expressed concern that the coalition of public and non-public interest groups and associations that had historically supported chapter 1 and other Federal aid to elementary and secondary education might be broken apart over the new barriers to serving non-public pupils in these programs.[21] Concern was expressed over the 1985-86 reduction in non-public school pupils served under chapter 1, as well as the increased costs of serving these pupils, with those cost increases reducing the funds available to serve all pupils, public and non-public.

The Administration proposed that these problems be resolved by authorizing the provision of chapter 1 services in the form of vouchers. Under the 1987 version of the Administration's chapter 1 voucher proposal,[22] LEAs would have been authorized to provide chapter 1 services to participating pupils either directly, as is currently done, or by giving a voucher, equal in value to the LEA's average chapter 1 grant per participant, to the pupil's parents. The voucher could have been used to purchase educational services at virtually any public or private school which offered

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[20]The number of non-public school pupils served by chapter 1 fell from 184,532 pupils in 1984-85 to 127,922 pupils in 1985-86, a decline of 31 percent. Over the same period, the number of public school pupils served increased by 2 percent. Data have not yet been published on participation for 1986-87.

[21]See, for example, Cooper, Bruce S. and John Poster. Breakdown of a Coalition. Education Week. May 1986. p. 28.

[22]There had been two earlier chapter 1 voucher proposals by the Reagan Administration, in 1983 and 1985.

them. Proponents of the voucher proposal argued that it would be a constitutional means to equitably serve all eligible children under chapter 1, and would improve education for the disadvantaged children by expanding their range of educational services. Opponents of chapter 1 vouchers argued that their constitutionality was dubious and untested, and the relatively low value of the vouchers--combined with the lack of a market for supplementary educational services for the disadvantaged--would provide more of an illusion than a reality of increased choice to the recipients.[23] Whatever the merits of the Administration's chapter 1 voucher proposal, it was not extensively considered, or formally offered as an amendment, during the public debate over the Hawkins-Stafford Act.

Hawkins-Stafford Act

The most significant new provision for serving non-public pupils that was adopted in the Hawkins-Stafford Act was the authorization of specific appropriations to pay the additional "capital expenses" of serving non-public school pupils under chapter 1 as a result of the Aguilar decision. "Capital expenses" are defined as including costs for purchasing, leasing, or renovating facilities, transportation, insurance, maintenance, or similar goods and services. These funds--authorized at levels of $30 million for FY 1988, $40 million for FY 1989, and "such sums as may be necessary" thereafter--are to be allocated to the States in proportion to their relative number of non-public pupils served under chapter 1 in school year 1984-85. State education agencies are then to distribute these funds to their LEAs with greatest need for assistance. P.L. 100-436, FY 1989 appropriations legislation for the Department of Education, provides $19.76 million for this program.[24]

A final Hawkins-Stafford amendment regarding non-public pupil participation in chapter 1 requires the U.S. Secretary of Education to establish procedures for receiving and resolving complaints that these provisions have been violated. Such complaints may be made by parents, teachers, or other interested parties, and must be resolved within 120 days of their receipt by the Secretary.

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[23]For more information on the Administration's chapter 1 voucher proposals, including pro and con arguments, see U.S. Library of Congress. Congressional Research Service. Vouchers for the Education of Disadvantaged Children: Analysis of the Reagan Administration Proposal. CRS Report for Congress 85-1022 EPW, by Wayne Riddle. Washington, 1985.

[24]The House-passed version of H.R. 5 also contained a requirement that the General Accounting Office (GAO) conduct a study of the effects of the Aguilar decision on non-public pupil participation in chapter 1. The conferees removed this provision, but their report stated that the ranking members of the House Committee on Education and Labor and the Senate Committee on Labor and Human Resources would request a study by the GAO on this topic.

VI. TARGETING OF CHAPTER 1 FUNDS AND SERVICES

During debate over the Hawkins-Stafford Act, the issue of targeting chapter 1 funds and services was discussed from two perspectives: (1) whether chapter 1 funds should be better targeted on areas (LEAs, or individual school attendance areas) with the highest concentrations of educationally disadvantaged and/or poor children; or (2) whether chapter 1 assistance should be better targeted on individual pupils selected to be served by the program.

Targeting on Areas

With regard to areas served by chapter 1, analyses prepared for the first interim report of the Department of Education's National Assessment of Chapter 1, published in 1986, are relevant. These analyses appear to indicate that there is a statistically significant relationship between poverty and educational disadvantage in general, and there is a stronger relationship between concentrated poverty and educational disadvantage. In other words, the poverty of a child's family is more likely to be associated with educational disadvantage if the family lives in a geographic area with large numbers of poor families.

At least partially on the basis of this research, both the Administration and the Congress focused substantial attention on the chapter 1 concentration grant concept and alternative allocation formulas during 1987 and 1988. Within the House and Senate committees responsible for this legislation, plus the conference committee on H.R. 5, much effort was expended in attempts to develop a concentration grant allocation formula that would assist urban and rural areas in a "balanced" manner. As is discussed in a previous section of this report, the Hawkins-Stafford Act revises the concentration grant formula, and requires that a significant share of increases in chapter 1 LEA grant appropriations be reserved for concentration grants.[25]

Targeting on Pupils

With regard to pupils served by chapter 1, data from the Sustaining Effects Study (SES), indicated that during the period covered by that study (1976-81), approximately 10 percent of chapter 1 participants in its sample of schools were neither poor nor educationally disadvantaged, using a broad definition of educational disadvantage (achievement below the 50th percentile on standardized tests of reading). Further, according to the SES, the

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[25]For more information on this subject, see U.S. Library of Congress. Congressional Research Service. Chapter 1 Concentration Grants: An Analysis of the Concept, and Its Embodiment in Federal Elementary and Secondary Education Legislation, CRS Report for Congress 88-670 EPW, Oct. 11, 1988, by Wayne Riddle.

following proportions of pupils in each of the four quartiles of general achievement level participated in chapter 1:

Achievement quartile	Percentage of pupils participating in chapter 1
1 (lowest)	32%
2	19
3	7
4	2

Therefore, according to these somewhat dated SES sample data,[26] low-achieving pupils are most likely to be chapter 1 participants, but a small yet significant proportion of participants are not educationally disadvantaged (because they have above-average achievement levels). There are a variety of reasons why this might occur, without violating the chapter 1 statute or regulations. For example, the imperfect correlation of poverty with educational disadvantage among children may imply that some areas receive chapter 1 funds but have relatively few educationally disadvantaged pupils. Variation, particularly improvement, in test performance at different test administrations may result in some pupils scoring below average when being tested for chapter 1 participation but scoring above average in later tests. In addition, the authority for LEAs to concentrate their chapter 1 funds on certain subjects or grades may result in non-disadvantaged pupils being served in the selected subjects or grades, because the selected pupils are among the lowest achievers in the particular subject or grade, but have above-average achievement when compared to the overall pupil population.

The Hawkins-Stafford Act makes a number of changes to clarify legislative intent that chapter 1 aid is to be focused on pupils most in need, while continuing to give LEAs a high degree of discretion over such decisions as the grades and subject areas to be addressed in chapter 1 programs, and how pupil eligibility is to be determined. Unlike the previous chapter 1 legislation, it is explicitly required that chapter 1 programs must generally be conducted in school attendance areas in rank order, according to either their number or percentage of pupils from low-income families.[27] It is also directly required that within the target school attendance areas, pupils must generally be selected to be served in rank order, beginning with the most educationally disadvantaged. An explicit provision is also added that pupils previously

[26]Unfortunately, there are no more recent data available on this topic.

[27]Certain exceptions to such ordering remain authorized, such as the authority to serve all schools when there is no wide variance in their number or percentage of poor pupils.

served under the chapter 1 State agency program for the neglected and delinquent, plus educationally disadvantaged children who are handicapped or limited-English proficient, are eligible to be served by chapter 1 LEA programs.

VII. PROGRAMS FOR DROPOUT PREVENTION AND SECONDARY SCHOOL BASIC SKILLS IMPROVEMENT

LEAs have always been authorized to use title I/chapter 1 funds to serve educationally disadvantaged pupils at all levels of prekindergarten through secondary education. However, for a variety of reasons--insufficient funds to serve all eligible pupils, assumptions that limited funds could be most effectively used if focused on younger pupils, perceptions of special difficulties in providing compensatory education to high school pupils, etc.--chapter 1 services have been focused primarily on pupils in kindergarten through 6th grade. In 1985-86, for example, approximately 88 percent of all chapter 1 basic grant participants were enrolled in grades K-6, while only 5 percent were in grades 10-12. In view of this, and an increased national focus on high school dropout rates, especially for poor and minority youth, the Congress devoted substantial attention to establishing programs specifically for compensatory education of secondary school students in the Hawkins-Stafford Act.[25]

Demonstration Programs

School Dropout Demonstration Assistance Act.

Authorizations for programs of school dropout prevention and secondary school basic skills improvement may be found in *two* different titles of the ESEA, as amended by the Hawkins-Stafford Act--demonstration grants under title VI, and formula grants under title I, chapter 1, part C. First, **title VI** of the amended ESEA contains one-year, demonstration grant authorizations under the School Dropout Demonstration Assistance Act of 1988 and the Secondary Schools Basic Skills Demonstration Assistance Act of 1988. Under each of these programs, grants are to be made on a national basis, at the discretion of the Secretary of Education. The former act continues for fiscal year 1989 a program of national demonstration grants initially established by P.L. 100-202 (and in P.L. 100-418--see footnote [25]), an act making further continuing appropriations for fiscal year 1988.

Local educational agencies may use funds granted under the School Dropout Demonstration Assistance Act of 1988 for a wide variety of dropout prevention and reentry activities, both within schools and in cooperation with community organizations and businesses. These activities may include: services to address poor academic achievement; work-study or apprenticeship programs; services intended to improve student motivation and school learning

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[25]Provisions similar to those in ESEA title VI, as amended by the Hawkins-Stafford Amendments (see next paragraph), were also contained in the Omnibus Trade and Competitiveness Act of 1988, P.L. 100-418. The Trade Act authorizes demonstration programs of dropout prevention and secondary school basic skills improvement for FY 1988, while the Hawkins-Stafford Act authorizes such programs for FY 1989.

environment; staff training in the identification of youth at risk of dropping out and provision of remedial services to them; coordination with programs intended to prevent drug abuse and youth gang activities; occupational training; educational programs offering jobs or college admission to students completing them; summer employment, etc. At least 30 percent of funds is to be used for activities intended to persuade dropouts to return to school; and at least 30 percent must be used for dropout prevention.

Specified proportions of dropout prevention program appropriations must be granted to LEAs in certain enrollment size ranges--25 percent of grants to LEAs with enrollment of 100,000 or more pupils, 40 percent to LEAs with enrollment of 20,000-100,000, and 30 percent to LEAs with enrollment below 20,000. The remaining 5 percent of funds is to be granted to community-based organizations serving LEAs of any enrollment size. In general, 25 percent of the funds granted in each of the three enrollment size groups is reserved for educational partnerships, consisting of LEAs plus a business concern (or a non-profit organization, if an appropriate business concern is not available). In making grants, the Secretary of Education is to give priority consideration to applicant LEAs with especially high numbers or percentages of school dropouts, and programs that feature significant parental involvement or early intervention services for youth at risk of dropping out of school.

Each dropout demonstration project must be annually evaluated including, where possible, a determination of the cost-effectiveness of the methods used in the program. The Secretary of Education is also required to prepare an evaluation of title VI programs. The maximum Federal share of project costs under this program is 90 percent for the first year and 75 percent the second year. An appropriation of $23,935,000 was provided for this program for FY 1988, while P.L. 100-436 provides an FY 1989 appropriation of $21,736,000. Finally, title VI also requires the Secretary of Education to establish a standard definition of the term, "school dropout."[29]

Secondary Schools Basic Skills Demonstration Assistance Act. The Secondary Schools Basic Skills Demonstration Assistance Act of 1988 authorizes for fiscal year 1989 a program of national demonstration grants to local educational agencies for a wide variety of activities to help educationally disadvantaged secondary school students attain grade level proficiency in basic skills and learn more advanced skills. These funds may be used to: initiate or expand compensatory education programs for secondary school students or school dropouts; transition-to-work activities in cooperation with the private sector or community-based organizations; use of secondary students as tutors of other educationally disadvantaged pupils; staff training; guidance and counseling; etc. No more than 25 percent of each grant may be used for non-instructional services.

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[29]Such a definition was published in the Federal Register on May 10, 1988, p. 16667.

In making grants under this program, the Secretary of Education is to give special consideration to programs serving areas with the greatest numbers or percentages of secondary school pupils from low-income families, or to innovative programs that may be replicated elsewhere. Thus far, no funds have been appropriated for this program.

Formula Grants

For fiscal years 1990 through 1993, the Hawkins-Stafford Act also establishes under ESEA **title I, chapter 1, part C**, a longer-term, formula grant program of State grants to secondary school programs for basic skills improvement plus dropout prevention and reentry. In general, funds will be allocated to States in proportion to the chapter 1 basic grants their school districts receive. Two exceptions are that 3 percent of funds are reserved for programs serving migrant students, and there is a State minimum grant of, in general, the greater of 0.25 percent of all grants, or $250,000.[30]

States in turn will make discretionary grants to local educational agencies that have the greatest need for services (based upon the number of low-income children, low-achieving children, or dropouts), that are located in urban and rural areas, and that offer innovative approaches (or approaches allowing replication and dissemination) to improving achievement or reducing dropout rates. The purposes for which part C funds can be used are similar to those allowed for title VI grants. Unlike title VI, recipient LEAs may use funds for both dropout prevention and secondary school basic skills improvement activities, although no more than 50 percent of funds may be used for dropout prevention. Grants may be made for a period of 3 years. Recipient LEAs must maintain their current level of use of chapter 1, part A (basic and concentration grant) funds to serve secondary school students (if any), using their part C grants only to supplement such existing services.

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[30]More specifically, the part C State minimum grant is the **greater** of:
--$250,000, or
--the **lesser** of: (a) 0.25 percent of total grants, (b) 150 percent of the State's previous year part C grant (if any), or (c) 150 percent of the national average part C grant per child counted in the allocation formula, multiplied by the State's total number of such formula children.

VIII. EARLY CHILDHOOD PROGRAMS: EVEN START

Under a new part B of ESEA title I, chapter 1, the Secretary of Education is authorized to make grants to LEAs for joint programs of education for educationally disadvantaged children, aged 1-7 years, and their parents. To be eligible to be served, the children must reside in a school attendance area in which a chapter 1 basic grant program is conducted, and the parents must be eligible to be served under the Adult Education Act (AEA)--i.e., not enrolled in school and not a high school graduate (or equivalent).

The services provided under the Even Start program may include: identification of eligible participants; testing and counseling; adult literacy training; training of parents to aid in the education of their children; support services, such as child care and transportation, where unavailable from other sources; home-based education of parents and children; staff training; and coordination with other Federal programs (such as the AEA and Head Start). The Federal share of program costs is limited to 90 percent for the first year of operations, declining to 60 percent for the fourth year.

In any year in which appropriations for the Even Start program are less than $50 million, grants are to be made to LEAs directly by the Secretary of Education. If appropriations equal or exceed $50 million, the grants for Even Start programs are to be made to the States--in proportion to chapter 1 basic grants but with a State minimum generally set at the greater of 0.5 percent of all grants, or $250,000--and LEA grantees are to be selected by SEAs. P.L. 100-436 has provided an initial appropriation of $14,820,000 for Even Start for FY 1989.

Grant recipients are to be selected through a review panel, consisting of specified types of individuals (e.g., an early childhood education specialist, an adult education specialist, etc.). Even Start programs may not receive grants for more than 4 years, and must be independently evaluated; the Secretary of Education is to submit a summary and review of these evaluations to the Congress by September 30, 1993.

Finally, LEAs may continue to use chapter 1 LEA grant (part A) funds for early childhood--i.e., pre-kindergarten--education programs, primarily at their discretion. According to ED, in 1985-86, approximately 1.4 percent of chapter 1 participants were in pre-kindergarten programs, while an additional 6.6 percent were enrolled in kindergarten. The only significant difference between previous law and the Hawkins-Stafford Act in this respect is that there is now more frequent and explicit reference to preschool programs as being among the authorized uses of part A (LEA grant) funds.

IX. FEDERAL, STATE, AND LOCAL PROGRAM ADMINISTRATION

The Hawkins-Stafford Act modifies several of chapter 1's provisions regarding program administration, at the Federal, State, and local levels. These amendments deal with such topics as the development of program regulations, level and use of State administration grants, and other aspects of program administration.

Federal Administration.

Regarding Federal program regulations, it is required that the Secretary of Education convene regional meetings to receive advice from administrators and practitioners before proposed regulations are published. In addition, for a minimum of 4 issues, new regulations are to be developed through a "negotiated rulemaking" process involving representatives of individuals interested in, or affected by, the chapter 1 program.[31] In these Federal, as well as any State, regulations, chapter 1 programs may not be required to follow any particular instructional model, especially with respect to classroom setting (e.g., in a separate versus a regular classroom setting).

In order to improve coordination of Federal, State, and local administration of chapter 1, the Secretary is to prepare and disseminate a policy manual containing the chapter 1 statute, regulations, court decisions, and other official guidance. The Secretary is also required to review State and local administration of chapter 1 programs. The Secretary must respond within 90 days to any written request for guidance from a chapter 1 grantee. The General Education Provisions Act (GEPA), except for certain sections thereof which are superceded by provisions of chapter 1, continues to be applicable to chapter 1 programs.

State Administration.

States may continue to issue their own regulations for chapter 1 programs, as long as these do not conflict with the provisions of the chapter 1 legislation. State regulations must be reviewed by a committee of practitioners (teachers, administrators, local school board members, etc.) before they are published. Any State regulation that goes beyond (i.e., is more strict or specific than) the requirements of Federal legislation and regulations is to be specifically identified as a State requirement. State regulations also may

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[31]The Department of Education convened a series of 4 regional meetings, plus a national meeting, of invited representatives of education associations and organizations, in its demonstration of the negotiated rulemaking process. Six chapter 1 regulatory issue areas were selected by ED as subjects for the demonstration: targeting of school attendance areas and students; schoolwide projects; parental involvement; program improvement; State administration; and national evaluation standards. A discussion of the negotiated rulemaking process, and the resulting proposed regulations, may be found in the Federal Register of Oct. 21, 1988. p. 41466-41492.

not restrict LEAs' discretion regarding certain aspects of their chapter 1 programs: grade levels to be served; subject areas; instructional settings, materials, or techniques; staff; or support services.

The authorized level of grants for chapter 1 State administration is changed *from* the greater of 1 percent of total chapter 1 grants to the State, or $250,000, *to* the greater of 1 percent of grants under chapter 1 parts A (LEA basic and concentration grants) and D (State agency programs), or $325,000 per State. In addition, a limit of 15 percent is placed on the share of State administration grants that may be used to pay indirect--i.e., general overhead--costs.

States may not take LEAs' chapter 1 grants into consideration as a local resource in determining LEAs' eligibility for funds under State aid programs. This prohibition had been contained in the ESEA title I legislation, but was removed from chapter 1 in 1981.

Local Administration.

Previously, there has been no limit on the share of grant funds that chapter 1 grantees could carry over from the year of receipt to the succeeding fiscal year. However, P.L. 100-297 generally limits these carry-over funds to no more than 25 percent for FY 1989, and 15 percent for FY 1990 and thereafter. This requirement does not apply to LEAs receiving chapter 1 grants of less than $50,000 per year, and States may award 1-year waivers of this requirement for other LEAs.

Local teaching staff may be employed in both chapter 1 and a similar State compensatory education program, if their salary costs are pro-rated between the two programs according to the time they spend on each program.

APPENDIX A: FY 1989 AUTHORIZATIONS OF APPROPRIATIONS UNDER P.L. 100-297, AND FY 1989 APPROPRIATIONS UNDER P.L. 100-436, FOR CHAPTER 1 PROGRAMS

The following table provides the FY 1989 authorization under the Hawkins-Stafford Act, and the FY 1989 appropriation under P.L. 100-436, for chapter 1 programs. As is further explained in the table's footnotes, some of the authorizations cannot be expressed as specific dollar amounts. This may result from authorizations that require formula calculations based on population or expenditure data that change regularly, or that are dependent on some other factor (e.g., are a percentage of amounts appropriated for another program or are authorized only when appropriations for another program equal or exceed a specified amount). Note also that some new provisions of chapter 1 under P.L. 100-297 are not authorized until fiscal year 1990.

TABLE A-1. FY 1989 Authorizations of Appropriations Under P.L. 100-297, and FY 1989 Appropriations Under P.L. 100-436, for Chapter 1 Programs

Programs	FY 1989 Authorization P.L. 100-297 (in thousands of dollars)	FY 1989 Appropriation P.L. 100-436 (in thousands of dollars)
Grants to local educational agencies (part A):		
Basic grant	formula a/	$3,853,200
Concentration grants	dependent b/	172,900
Grants for capital expenses of serving non-public pupils	$40,000	19,760
Implementation of school improvement programs	formula c/	5,686
Even start (part B)	50,000	14,820
Dropout prevention and secondary school basic skills improvement programs:		
Secondary school programs for Basic skills improvement and dropout prevention and reentry (part C)	(d/)	0
Assistance to address school dropout problems (title VI, part A of ESEA)	50,000 e/	21,736
Assistance to provide basic skills improvement (title VI, part B of ESEA)	200,000	0

See footnotes at end of table.

TABLE A-1. FY 1989 Authorizations of Appropriations Under P.L. 100-297, and FY 1989 Appropriations Under P.L. 100-436, for Chapter 1 Programs--Continued

Programs	FY 1989 Authorization P.L. 100-297 (in thousands of dollars)	FY 1989 Appropriation P.L. 100-436
State agency programs (part D):		
Migrants	formula a/	$271,700
Handicapped	formula a/	148,200
Neglected and delinquent	formula a/	31,616
State administration (part F)	formula a/	40,508
Evaluation and technical assistance (including National study on effect of programs on children, part F)	$8,000	7,904
National Commission on Migrant Education (part F)	2,000 f/	0
Rural education opportunities (part F)	10,000	3,952
Fund for the improvement and reform of schools and teaching (title III, part B of P.L. 100-297): family-school partnership	10,000 g/	1,976

See footnotes at end of table.

Footnotes

a/ For each of the chapter 1 basic and State agency grant programs under P.L. 100-297, the annual authorization is equal to the relevant formula population for that program multiplied by the cost factor (the State average per pupil expenditure, with limits of 80 percent and 120 percent of the national average, further multiplied by 40 percent). For chapter 1 State administration, the authorized amount under P.L. 100-297 is equal to the greater of 1 percent of State grants under chapter 1, parts A and D, or $325,000 per State ($50,000 per outlying area).

b/ Under P.L. 100-297, the first $400 million in chapter 1 LEA grant (part A) appropriations above $3.9 billion, plus 10 percent of part A appropriations when these exceed $4.3 billion, are reserved for concentration grants.

c/ The authorized amount for this purpose is 0.25 percent of State grants under title I, chapter 1, parts A and D for FY 1989-1991 (minimum of $90,000 for States, $15,000 for outlying areas), and 0.5 percent of such amounts (minimum of $180,000 for States, $30,000 for outlying areas) for FY 1992-1993.

d/ The authorization period for this provision begins in FY 1990, for which an appropriation of $400 million is authorized.

e/ The authorization for the FY 1988 appropriation is sec. 137(c) of P.L. 100-202, which refers to title VIII, part A of the Senate-passed version of S. 373, which was later incorporated into P.L. 100-297.

f/ This is the total authorization for the life of the Commission.

g/ A total of $30 million is authorized to be appropriated for FY 1989 for the Fund for the Improvement and Reform of Schools and Teaching under P.L. 100-297. One-third of this amount is to be reserved for the Family-School Partnership program.

APPENDIX B: ESTIMATES OF CHAPTER 1 BASIC AND GRANT ALLOCATIONS FOR 1989-90, USING 1988-89 PROGRAM DATA

The table on the following pages displays State total estimates of chapter 1 basic and concentration grants for 1989-90, from the FY 1989 appropriation under P.L. 100-436. These estimates are compared to actual basic grants for 1988-89. It should be emphasized that the 1989-90 estimates are based on certain formula population and cost factor data from the 1988-89 program year--these data will be revised before the 1989-90 allocations are actually made. Therefore, the following amounts are simply the best available estimates at the time this report was prepared, **not** the **actual** 1989-90 allocations. The actual allocation data will probably become available in the spring of 1989.

The basic grant State minimum of P.L. 100-297 is <u>not</u> applied for these estimates, since it would take effect only after concentration grants are funded at $400 million, or basic grants are funded at the FY 1988 level plus $700 million. In addition, it is assumed that the provisions of sec. 1006(c) of P.L. 100-297 do not apply to these grants, since the level of funding for concentration grants is specified in P.L. 100-436, not reserved under sec. 1006(c).

TABLE B-1. Estimated Chapter 1 Basic and Concentration Grants for 1989-90 Under P.L. 100-436

State Totals

The amounts shown below are:
(1) actual basic grants for 1988-89.
(2) estimated basic grants for 1989-90 under P.L. 100-297, at the funding level provided in P.L. 100-436.
(3) estimated concentration grants for 1989-90 under P.L. 100-297, at the funding level of P.L. 100-436.
(4) total estimated part A grants for 1989-90 under P.L. 100-436 (column 2 plus column 3).
(5) total estimated part A grants for 1989-90 minus those for 1988-89 (column 4 minus column 1).
(6) column 5, as a percent of column 1.

All allocation estimates are based on population and cost factor data for 1988-89 grants, as modified by P.L. 100-297.

State	Actual 1988-89 basic grants	Estimated 1989-90 basic grants under P.L. 100-436	Estimated 1989-90 concentration grants under P.L. 100-436	Total estimated part A grants for 1989-90 under P.L. 100-436	Dollar difference column 4 - column 1	Percentage difference column 4 - column 1
Alabama	$77,113,000	$81,394,000	$4,926,000	$86,320,000	$9,207,000	11.9%
Alaska	6,194,000	6,696,000	340,000	7,036,000	842,000	13.6
Arizona	37,845,000	38,594,000	2,164,000	40,758,000	2,913,000	7.7
Arkansas	45,614,000	45,383,000	2,605,000	47,987,000	2,374,000	5.2
California	370,760,000	375,709,000	20,919,000	396,627,000	25,867,000	7.0
Colorado	35,946,000	35,988,000	1,150,000	37,138,000	1,192,000	3.3
Connecticut	41,833,000	41,644,000	1,366,000	43,010,000	1,177,000	2.8
Delaware	10,955,000	11,265,000	450,000	11,715,000	760,000	6.9
Dist. of Columbia	17,054,000	17,453,000	1,073,000	18,526,000	1,472,000	8.6
Florida	163,825,000	159,201,000	8,537,000	167,738,000	3,913,000	2.4
Georgia	102,251,000	102,760,000	5,342,000	108,102,000	5,851,000	5.7
Hawaii	11,839,000	12.080,000	432,000	12,512,000	674,000	5.7
Idaho	10,961,000	11,536,000	432,000	11,969,000	1,008,000	9.2
Illinois	176,378,000	176,734,000	7,806,000	184,540,000	8,162,000	4.6
Indiana	58,867,000	59,649,000	959,000	60,608,000	1,741,000	3.0
Iowa	32,154,000	33,516,000	555,000	34,071,000	1,917,000	6.0
Kansas	26,246,000	26,367,000	543,000	26,910,000	664,000	2.5
Kentucky	68,014,000	68,267,000	3,723,000	71,990,000	3,976,000	5.8

TABLE B-1. Estimated Chapter 1 Basic and Concentration Grants for 1989-90 Under P.L. 100-436--Continued

State Totals

The amounts shown below are:
(1) actual basic grants for 1988-89.
(2) estimated basic grants for 1989-90 under P.L. 100-297, at the funding level provided in P.L. 100-436.
(3) estimated concentration grants for 1989-90 under P.L. 100-297, at the funding level of P.L. 100-436.
(4) total estimated part A grants for 1989-90 under P.L. 100-436 (column 2 plus column 3).
(5) total estimated part A grants for 1989-90 minus those for 1988-89 (column 4 minus column 1).
(6) column 5, as a percent of column 1.

All allocation estimates are based on population and cost factor data for 1988-89 grants, as modified by P.L. 100-297.

State	Actual 1988-89 basic grants	Estimated 1989-90 basic grants under P.L. 100-436	Estimated 1989-90 concentration grants under P.L. 100-436	Total estimated part A grants for 1989-90 under P.L. 100-436	Dollar difference column 4 - column 1	Percentage difference column 4 - column 1
Oklahoma	$40,144,000	$40,034,000	$1,626,000	$41,660,000	$1,516,000	3.8
Oregon	32,178,000	32,481,000	432,000	32,913,000	736,000	2.3
Pennsylvania	193,786,000	191,712,000	5,927,000	197,639,000	3,853,000	2.0
Puerto Rico	126,300,000	132,654,000	8,159,000	140,812,000	14,513,000	11.5
Rhode Island	14,679,000	14,761,000	638,000	15,399,000	721,000	4.9
South Carolina	60,017,000	59,972,000	3,071,000	63,043,000	3,026,000	5.0
South Dakota	10,858,000	11,786,000	521,000	12,307,000	1,448,000	13.3
Tennessee	81,175,000	79,907,000	4,566,000	84,473,000	3,299,000	4.1
Texas	252,976,000	255,077,000	13,092,000	268,169,000	15,193,000	6.0
Utah	13,005,000	13,851,000	432,000	14,284,000	1,279,000	9.8
Vermont	8,750,000	8,232,000	340,000	8,572,000	-179,000	-2.0
Virginia	76,491,000	76,099,000	3,164,000	79,263,000	2,772,000	3.6
Washington	47,346,000	48,545,000	1,206,000	49,751,000	2,406,000	5.1
West Virginia	35,568,000	35,828,000	1,707,000	37,535,000	1,967,000	5.5
Wisconsin	57,844,000	57,274,000	1,360,000	58,634,000	790,000	1.4
Wyoming	4,914,000	4,911,000	340,000	5,251,000	337,000	6.9
U.S. Total	$3,786,909,000	$3,815,050,000	$172,900,000	$3,987,950,000	$201,041,000	5.3

Source: Prepared by the Congressional Research Service.

TABLE B-1. Estimated Chapter 1 Basic and Concentration Grants for 1989-90 Under P.L. 100-436--Continued

State Totals

The amounts shown below are:
(1) actual basic grants for 1988-89.
(2) estimated basic grants for 1989-90 under P.L. 100-297, at the funding level provided in P.L. 100-436.
(3) estimated concentration grants for 1989-90 under P.L. 100-297, at the funding level of P.L. 100-436.
(4) total estimated part A grants for 1989-90 under P.L. 100-436 (column 2 plus column 3).
(5) total estimated part A grants for 1989-90 minus those for 1988-89 (column 4 minus column 1).
(6) column 5, as a percent of column 1.

All allocation estimates are based on population and cost factor data for 1988-89 grants, as modified by P.L. 100-297.

State	Actual 1988-89 basic grants	Estimated 1989-90 basic grants under P.L. 100-436	Estimated 1989-90 concentration grants under P.L. 100-436	Total estimated part A grants for 1989-90 under P.L. 100-436	Dollar difference column 4 - column 1	Percentage difference column 4 - column 1
Louisiana	$93,358,000	$95,108,000	$5,196,000	$100,304,000	$6,947,000	7.4
Maine	18,059,000	17,585,000	549,000	18,134,000	75,000	0.4
Maryland	65,845,000	64,550,000	2,292,000	66,842,000	997,000	1.5
Massachusetts	90,200,000	89,153,000	3,632,000	92,786,000	2,586,000	2.9
Michigan	150,007,000	152,122,000	5,886,000	158,007,000	8,000,000	5.3
Minnesota	46,586,000	46,916,000	1,252,000	48,169,000	1,582,000	3.4
Missouri	62,004,000	73,494,000	4,325,000	77,819,000	6,053,000	8.4
Mississippi	71,766,000	61,744,000	2,550,000	64,294,000	2,291,000	3.7
Montana	12,143,000	12,148,000	390,000	12,539,000	396,000	3.3
Nebraska	19,243,000	19,394,000	534,000	19,928,000	685,000	3.6
Nevada	7,485,000	7,111,000	340,000	7,451,000	-34,000	-0.5
New Hampshire	9,144,000	8,797,000	340,000	9,137,000	-7,000	-0.1
New Jersey	126,721,000	126,884,000	5,502,000	132,386,000	5,665,000	4.5
New Mexico	28,176,000	28,352,000	1,740,000	30,091,000	1,916,000	6.8
New York	399,178,000	407,747,000	19,980,000	427,727,000	28,549,000	7.2
North Carolina	90,893,000	90,491,000	3,872,000	94,363,000	3,471,000	3.8
North Dakota	8,555,000	9,113,000	402,000	9,516,000	960,000	11.2
Ohio	137,668,000	136,979,000	4,213,000	141,192,000	3,525,000	2.6

APPENDIX C: SELECTED REFERENCES ON CHAPTER 1

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